

By: Madala

S.B. 1240

A BILL TO BE ENTITLED

AN ACT

1 relating to the employment of physicians by a rural
2 hospital.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Chapter 162, Occupations Code, is amended by
5 adding Subchapter F to read as follows:

6 SUBCHAPTER F. EMPLOYMENT OF PHYSICIAN BY RURAL HOSPITAL

7 Sec. 162.301. Application of Subchapter. This subchapter
8 applies only to a hospital located in a county with a population
9 of 50,000 or less; or designated as a critical access hospital
10 under the authority of and in compliance with 42 U.S.C. Section
11 1395i-4 or as a sole community hospital under the authority of
12 and in compliance with 42 U.S.C. Section 1395ww(d)(5)(D)(iii).

13 Sec. 162.302. Legislative Findings. (a) The Legislature
14 finds that a number of rural Texas communities are having great
15 difficulty recruiting and retaining physicians. There is a
16 shortage of physicians in rural Texas and this shortage limits
17 access to health care by residents of rural communities.

18 (b) The Legislature finds that allowing rural hospitals to
19 directly employ physicians will allow rural hospitals to provide

1 economic security adequate for a physician to relocate and
2 reside in their communities and will help rural hospitals to
3 recruit physicians to provide medically necessary services in
4 their communities.

5 (c) The Legislature intends that a hospital meeting the
6 conditions set forth in this section be able to employ
7 physicians directly and to charge for their professional
8 services.

9 (4) The Legislature further intends that a hospital not
10 interfere with, control, or otherwise direct a physician's
11 professional judgment.

12 Sec. 162.303. Employment of Physician Permitted. A
13 hospital that (1) is designated as a critical access hospital
14 under the authority of and in compliance with 42 U.S.C. Section
15 1395i-4 or as a sole community hospital under the authority of
16 and in compliance with 42 U.S.C. Section 1395ww(d)(5)(D)(iii) or
17 (2) is not located in a Metropolitan Statistical Area (MSA) as
18 defined by the federal Office of Management and Budget. may
19 employ a physician to provide medical services at the hospital
20 and may retain all or part of the professional income generated
21 by such physician for medical services provided at the hospital.

22 Sec. 162.304. Independent Medical Judgment of Physician.

23 (a) A hospital subject to this subchapter shall adopt and
24 maintain policies to ensure that a physician whose professional

1 income is retained under Section 162.303 is exercising the
2 physician's independent medical judgment in providing care to
3 patients in the hospital.

4 (b) The policies adopted under this section must include
5 policies relating to credentialing, quality assurance,
6 utilization review, peer review, medical decision-making, and
7 due process.

8 (c) Each physician employed by the hospital shall provide
9 to the board biennially a signed statement indicating that the
10 physician:

11 (1) is licensed by the board;

12 (2) will exercise independent medical judgment in all
13 matters relating to credentialing, quality assurance,
14 utilization review, peer review, medical decision-making, and
15 due process; and

16 (3) will report immediately to the board any action
17 or event that the physician reasonably and in good faith
18 believes constitutes a compromise of the independent judgment of
19 an employed physician in caring for a patient in the hospital.

20 Sec. 162.305. Certification of Hospital by Board. (a) A
21 hospital that employs physicians and retains a physician's
22 professional income under Section 162.303 must be certified by
23 the board as being in compliance with this subchapter.

1 (b) The board shall prescribe an application form to be
2 provided to the hospital and may adopt rules as necessary to
3 administer this subchapter.

4 (c) The board may prescribe and assess a fee for the
5 certification of a hospital and for investigation and review of
6 the hospital in an amount not to exceed the fee assessed on an
7 organization described by Section 162.001.

8 Sec. 162.306. Biennial Report. A hospital certified under
9 Section 162.305 shall provide to the board a biennial report
10 certifying that the hospital is in compliance with this
11 subchapter.

12 Sec. 162.307. Suspension or Revocation of Certification.
13 If the board determines at any time that a hospital certified
14 under Section 162.305 has failed to comply with this subchapter,
15 the board may suspend or revoke the hospital's certification.

16 SECTION 2. This act takes effect September 1, 2005.

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relating to the employment of physicians by a rural hospital.

MAR 09 2005

MAR 21 2005

Filed with the Secretary of the Senate

Read and referred to Committee on HEALTH & HUMAN SERVICES

Reported favorably _____

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by: { unanimous consent
_____ yeas, _____ nays

Read second time, _____, and ordered engrossed by: { unanimous consent
a viva voce vote
_____ yeas, _____ nays

Senate and Constitutional 3 Day Rule suspended by a vote of _____ yeas, _____ nays.

Read third time, _____, and passed by: { A viva voce vote
_____ yeas, _____ nays

SECRETARY OF THE SENATE

OTHER ACTION:

Engrossed

Sent to House

Engrossing Clerk _____

Received from the Senate

Read first time and referred to Committee on _____

Reported _____ favorably (as amended) (as substituted)

Sent to Committee on (Calendars) (Local & Consent Calendars)

Read second time (comm. subst.) (amended); passed to third reading (failed) by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend) by a vote of _____ yeas, _____ nays, _____ present, not voting.

Read third time (amended); finally passed (failed to pass) by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

Returned to Senate.

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

Returned from House with _____ amendments.

Concurred in House amendments by a viva voce vote _____ yeas, _____ nays.

_____ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed: _____, Chairman; _____
_____, _____, and _____

_____ House granted Senate request. House conferees appointed: _____, Chairman;
_____, _____, _____.

_____ Conference Committee Report read and filed with the Secretary of the Senate.

_____ Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
_____ yeas, _____ nays

_____ Conference Committee Report adopted on the part of the Senate by:

{ a viva voce vote
_____ yeas, _____ nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged.

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays